

**Residual Receipts  
Note (Limited  
Dividend Mortgagors)**

U.S. Department of Housing  
and Urban Development  
Office of Housing

OMB Approval No. 0000-0000  
(exp. 00/00/00)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, DC 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0468), Washington, DC 20503. Do not send this completed form to either of the above addresses.

**Project Name:** \_\_\_\_\_

**HUD Project No.** \_\_\_\_\_ (the "Project")

For value received \_\_\_\_\_ ("Maker")  
promises to pay to \_\_\_\_\_ ("Payee") the sum  
of \_\_\_\_\_  
Dollars (\$ \_\_\_\_\_) at

with interest at the rate of \_\_\_\_\_% (\_\_\_\_\_ per centum) per annum,  
which shall not be compounded, subject to the following:

1. Principal and interest on this Note shall be due and payable on the maturity date (the "Maturity Date") which is hereby defined as the maturity date of the note and mortgage (respectively, the "HUD Note" and the "HUD Mortgage") insured by the Secretary of Housing and Urban Development ("HUD") financing the Project, provided that if the HUD Note is prepaid in full, the holder of this Note, at its option and without notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable.
2. So long as HUD or its successors or assigns, are the insurers or holders of the first mortgage on the Project, payments due under this Note shall be payable only from residual receipts of the Project, as the term residual receipts is defined in the regulatory agreement dated *(insert date)* \_\_\_\_\_ between HUD and Maker (the "Regulatory Agreement"). The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Maker to pay the indebtedness evidenced by this Note.
3. Prepayments to principal on this Note may be made only from the Residual Receipts Fund, as that term is defined in the Regulatory Agreement, and only after obtaining the prior written approval of HUD. Such prepayments may be made only after final endorsement of the HUD Note for insurance by HUD and after the end of a semiannual or an annual fiscal period of Maker. No payments of interest shall be made prior to maturity of this Note.

4. Notwithstanding the provisions of paragraphs numbered 2 and 3, above, Maker also may make payments due hereunder from sources other than Project income or assets of the Project.
5. This Note is non-negotiable and may not be sold, transferred, assigned, or pledged by Payee except with the prior written approval of HUD.
6. In the event that the maturity date of the HUD Mortgage is extended and such extension is approved by HUD, then, in such event, the Maturity Date of this Note shall automatically be extended to the extended maturity date of the HUD Mortgage without the consent of Payee.
7. Any unauthorized payments, as determined by HUD, shall be returned to the Project, as the term "Project" is defined in the Regulatory Agreement.
8. This Note is made and delivered in payment of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. Presentation, demand and notice of demand, non-payment and protest of this Note are waived.
10. The terms and provisions of this Note are also for the benefit of and are enforceable by HUD against either party or any other person.

IN WITNESS WHEREOF Maker has signed this Note on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**MAKER:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

*[Remainder of this page intentionally left blank.]*

Payee hereby certifies that this is a bona fide transaction and that Payee fully understands all the requirements of this Note, and that no prepayment of principal or interest shall be accepted without evidence that HUD has authorized such prepayment. If an unauthorized prepayment is accepted, the funds shall be returned to the Project immediately upon discovery.

PAYEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name and Title: